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B.C. Community Financial Services Corp.

Statement of Financial Information Approval

On behalf of the Board of Directors, we approve all the statements and schedules included in this Statement of Financial Information for the year ended March 31, 2001. This information is produced pursuant to the *Financial Information Act*.

Director

20 06 02
Date

Director

20 June 01
Date

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B.C. Community Financial Services Corp.

Management Report

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with generally accepted accounting principles . The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control, and exercises this responsibility through the Audit Committee of the Board. The Audit Committee meets monthly with management and twice a year with the external auditors.

The corporation's external auditors, Kanester Johal, Chartered Accountants, has the responsibility for assessing the management systems and practices of the corporation. They also conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

John B. Hill
Vice-President and General Manager

June 15, 2001
Date

Marian Ocampo, CGA
Controller

June 15, 2001
Date

B.C. Community Financial Services Corp.

Notes

for the fiscal year ended March 31, 2001

1. There are no long-term debts, hence, the Schedule of Debts was not prepared.

2. There are no guarantees and indemnity agreements, hence, the Schedule of Guarantee and Indemnity Agreements was not prepared.

3. There are no severance agreements, hence, the Statement of Severance Agreements was not prepared.

4. There are no payments for the purpose of grants and contributions, hence, the Statement of payments for the purpose of grants and contributions was not prepared.

B.C. Community Financial Services Corp.

Schedule of Amounts Paid
for the fiscal year ended March 31, 2001

Name	*Amount*
B.C. Buildings Corp.	$ 156,327.00
B.C. Hydro	19,083.16
CDSL Canada Ltd.	167,346.41
Everett Computer Consulting	29,752.79
Ferguson & Associates	36,750.00
Great West Life	47,239.51
Interac ATM Network	26,348.00
Kanester, Johal	21,122.20
Ministry of Finance - Bonding Expense	26,280.00
Ministry of Finance - Corporate Capital Tax	12,325.16
Receiver General - CPP & EI	40,618.16
Staples	10,022.78
Telus	15,849.16
Toshiba	10,696.62
Wm. W. Samler & Associates Ltd.	58,158.56
TOTAL SUPPLIER ACCOUNTS OVER $10,000	$ 677,919.51
TOTAL SUPPLIER ACCOUNTS $10,000 OR LESS	253,038.49
GRAND TOTAL - SUPPLIER ACCOUNTS	$ 930,958.00

B.C. Community Financial Services Corp.
Schedule of Remuneration and Expenses of Employees
for the Fiscal year ended March 31, 2001

Name	*Position*	*Remuneration*	*Expenses*
	Members of the Board of Directors		
Brown, David	Board Member	700.00	-
Charlie, Barbara	Board Member	2,100.00	-
Connaghan, Chuck	Board Member	350.00	-
Fergusson, Barry	Board Member	1,925.00	-
Fitzpatrick, John	Board Member	1,575.00	-
Gill, Jessie	Board Member	1,225.00	-
Haddrell, Glen	Board Member	1,925.00	-
Henry, Arlene	Board Member	1,925.00	-
Stewart, Lecia	Board Member	175.00	-
Watts, Tony	Board Member	875.00	-
		$ 12,775.00	$ -
	Other employees		
Guerin, Maureen	Assistant General Manager	60,616.00	728.30
Hill, John	Vice-President & General Manager	79,831.00	2,322.17
Ocampo, Marian	Controller	50,459.00	1,210.20
Total employees with remuneration over $50,000		$ 190,906.00	$ 4,260.67
Total employees with remuneration of $50,000 or less		468,589.90	13,531.65
		$ 659,495.90	$ 17,792.32

Total remuneration, employees, (per above)	$ 659,495.90
Total expenses, employees, (per above)	17,792.32
	677,288.22
add: Revenue Canada - CPP & EI (included in Supplier Schedule)	40,618.16
add: Great West Life (included in Supplier Schedule)	47,239.51
add: Other extended health plan (included in Supplier Schedule- $10,000 or less)	1,801.16
less: Other Expenses (included in Statement of Operations)	(7,942.09)
Total wages and benefits, per Statement of Operations	$ 759,004.96

B.C. Community Financial Services Corp.
Reconciliation of FIA Schedules to the Financial Statements
for the fiscal year ended March 31, 2001

Schedules		
Suppliers	$	930,958
Directors' Fees		12,775
Employee Remuneration		659,496
Employee Expenses		17,792
	$	1,621,021
Total per Schedules	$	1,621,021
Add:		
Amortization of capital assets		110,893
Amortization of prepaids		56,560
Less: Additions to capital assets		(30,125)
Additions to prepaids		(43,304)
Total Administrative Expenses per Statement of Loss	$	1,715,045

AUDITOR'S REPORT

To the Shareholder of

B.C. Community Financial Services Corporation (dba Four Corners Community Savings)

We have audited the Balance Sheet of B.C. Community Financial Services Corporation (dba Four Corners Community Savings) as at March 31, 2001, and the Statements of Loss and Deficit and Cash Flow for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2001 and the results of operations and changes in financial position of the corporation for the year then ended, in accordance with generally accepted accounting principles.

As required by the Community Financial Services Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Burnaby, BC
May 9, 2001

KANESTER JOHAL
Chartered Accountants

KJ

B.C. COMMUNITY FINANCIAL SERVICES CORPORATION
(dba Four Corners Community Savings)

Balance Sheet
As At March 31, 2001

	2001	2000
Assets		
Cash Resources		
Cash	$ 437,816	$ 311,456
Term deposits (Note 3)	22,527,886	24,931,092
Accrued interest	204,108	261,529
Notes receivable (Note 4)	165,121	100,371
Prepaid expenses	10,507	23,764
	23,345,438	25,628,212
Loans Receivable (Note 5)	196,685	358,138
Mortages Receivable	5,099,353	3,136,396
Capital Assets (Note 6)	793,105	873,873
	$ 29,434,581	$ 29,996,619
Liabilities		
Deposits		
Chequing	$ 1,174,018	$ 452,333
Savings	472,102	609,890
Money orders	47,229	46,577
Term deposits	20,519,250	20,795,426
Registered retirement savings plan	261,549	202,149
	22,474,148	22,106,375
Others		
Accounts payable and accrued liabilities	100,497	82,870
	22,574,645	22,189,245
Share Capital And Deficit		
Share Capital (Note 8)	10,000,000	10,000,000
Contributed Surplus (Note 9)	1,000,000	1,000,000
Deficit	(4,140,064)	(3,192,626)
	6,859,936	7,807,374
	$ 29,434,581	$ 29,996,619

Approved On Behalf Of The Board Of Directors:

Director **Director**

KJ

B.C. COMMUNITY FINANCIAL SERVICES CORPORATION
(dba Four Corners Community Savings)

Statement Of Loss And Deficit
For The Year Ended March 31

	2001	2000
Financial Revenue		
Investment	$ 1,368,055	$ 1,359,352
Customer service and miscellaneous	486,931	171,970
	1,854,986	1,531,322
Financial Expenses	1,111,213	960,365
	743,773	570,957
Administrative Expenses		
Administrative and general	280,924	147,461
Amortization	110,893	105,619
Automated Teller Machine	27,530	16,838
BC capital tax	12,325	66,471
Bad debts	97,441	12,570
Bonding and insurance	26,280	26,320
Contract services	20,059	39,540
Courier	5,291	6,090
Data processing	169,991	135,973
Directors and Advisory Council fees and related expenses	30,825	23,450
Expense recovery (Note 15(c))	(200,000)	(72,000)
Interest and bank charges	11,431	11,030
Professional fees	134,426	68,598
Rent	156,327	127,648
Repairs and maintenance	31,543	23,788
Security	4,689	6,266
Telephone	17,302	16,871
Utilities	19,531	14,703
Wages and benefits	759,005	715,926
	1,715,813	1,493,162
Loss From Operations	(972,040)	(922,205)
Gain On Foreign Currency Exchange	24,602	24,442
Net Loss, for the year	(947,438)	(897,763)
Deficit, beginning of year	(3,192,626)	(2,294,863)
Deficit, end of year	$ (4,140,064)	$ (3,192,626)

KJ

B.C. COMMUNITY FINANCIAL SERVICES CORPORATION
(dba Four Corners Community Savings)

Statement Of Cash Flow
For The Year Ended March 31

	2001	2000
Operating Activities		
Net loss From Operations	$ (947,438)	$ (897,763)
Add: adjustment for		
Amortization	110,893	105,619
	(836,545)	(792,144)
Net change in		
Accured interest	57,421	(23,607)
Prepaid expenses	13,257	(23,764)
Accounts payable and accrued liabilities	17,613	10,309
Accrued fees	-	(34,738)
BC corporate tax	-	(23,148)
	(748,254)	(887,092)
Financing Activities		
Increase in customers deposits	367,787	490,017
	367,787	490,017
Investing Activities		
Additions to capital assets	(30,125)	(82,667)
Increase in loan receivable	96,703	(447,027)
Increase in mortgages receivable	(1,962,957)	(2,846,352)
	(1,896,379)	(3,376,046)
(Decrease) Increase In Cash	(2,276,846)	(3,773,121)
Cash, beginning of year	25,242,548	29,015,669
Cash, end of year	$ 22,965,702	$ 25,242,548
Cash is consisted of:		
Cash	$ 437,816	$ 311,456
Term deposits	22,527,886	24,931,092
	$ 22,965,702	$ 25,242,548

KJ

1. The Corporation

BC Community Financial Services Corporation was established under the Community Financial Services Act, SBC 1994 on July 4, 1994 and commenced operations on January 12, 1995. The purpose of the Corporation is to encourage and facilitate the use of savings institutions by, and to provide a full range of financial and related services to, members of the community. The Act does not allow the Corporation to issue its shares to any person other than the Minister of Finance and Corporate Relations for the Province of British Columbia.

2. Significant Accounting Policies

Capital Assets

Capital assets are recorded at cost. Amortization is provided at the following rates:

Computer equipment	- 5	years	straight line
Furniture and equipment	- 10	years	straight line
Leasehold improvements	- 15	years	straight line
Security system	- 10	years	straight line
Software	- 3	years	straight line

Half rates are applied in the year of acquisition.

Loans and Mortgages Receivable

Loans and mortgages receivable are stated net of a provision established to recognize loan impairment. This provision is determined by reference to specific loans in arrears and by judgement of management based on loan collection experience. Loans and mortgages receivable considered uncollectible are written off.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign Exchange

The company follows the temporal method of accounting for the translation of foreign currency amounts into Canadian dollars. Unrealized exchange gains and losses on translation of long-term debt are deferred and amortized over the remaining periods. Other exchange gains and losses arising from foreign currency balances at the balance sheet date are recognized as they occur.

3. Term Deposits

Term deposits consist of:

	2001	2000
Credit Union Central of British Columbia	$ 22,527,886	$ 24,931,092

4. Notes Receivable

	2001	2000
Notes receivable	$ 165,121	$ 102,324
Less: allowance for doubtful	-	(1,953)
	$ 165,121	$ 100,371

5. Loans Receivable

	2001	2000
Loans receivable	$ 268,686	$ 361,583
Less: allowance for doubtful	(72,000)	(3,445)
	$ 196,686	$ 358,138

6. Capital Assets

	Cost	Accumulated Amortization	Net 2001	Net 2000
Computer equipment	$ 158,043	$ 109,507	$ 48,536	$ 59,858
Furniture and equipment	122,464	38,935	83,529	88,300
Leasehold improvements	930,576	296,211	634,365	696,404
Security system	44,615	22,499	22,116	26,577
Software	22,968	18,409	4,559	2,734
	$ 1,278,666	$ 485,561	$ 793,105	$ 873,873

KJ

7. Bank Indebtedness

The Corporation has a line of credit with Credit Union Central of British Columbia with an authorized amount of $500,000 and interest calculated at prime rate. The line of credit is guaranteed by the Province of British Columbia.

8. Share Capital

Authorized:
10,000,000 Shares with a par value of $1.00 each.

	2001	2000
Issued and outstanding:		
10,000,000 Shares	$ 10,000,000	$ 10,000,000

9. Contributed Surplus

Contributions from the Province of British Columbia were provided to fund start-up costs and initial operation losses of the Corporation.

10. Contractual Obligations

a) Effecitive April 1, 2001, the Corporation entered into an agreement to have data processing services provided to the Corporation on a monthly basis.

b) Effective April 1, 2001, the Corporation entered into a one year lease agreement with BC Building Corporation, with the option to extend the term to March 31, 2006. The annual base rent is $103,446 plus operating costs. Minimum payments due under the lease are as follows:

2003	$ 103,446
2004	103,446
2005	103,446
2006	103,446

11. Capital Requirements

The Capital Adequacy Requirement under the Financial Institutions Act of British Columbia provides that the Corporation must maintain a capital base of at least 8% of the total value of risk-weighted assets, as defined by the Act, to avoid certain operating restrictions. The Corporation has satisfied this requirement at March 31, 2001.

12. Maturities And Weighted Average Rates

	Weighted Average Rate	Within 1 year	2 to 3 years	3 to 4 years	Over 4 years	Not Interest Sensitive	Total
Assets							
Cash	0.00 %	$ -	$ -	$ -	$ -	$ 437,816	$ 437,816
Term deposits	5.13 %	21,471,401	1,046,180	10,305	-	-	22,527,886
Accrued interest	0.00 %	-	-	-	-	204,108	204,108
Loans and mortgages	7.93 %	1,430,166	438,598	1,288,881	2,303,514	-	5,461,159
Premises and equipment	0.00 %	-	-	-	-	793,105	793,105
Prepaid expenses	0.00 %	-	-	-	-	10,507	10,507
		$ 22,901,567	$ 1,484,778	$ 1,299,186	$ 2,303,514	$ 1,445,536	$ 29,434,581
Liabilities and Shareholders' Equity							
Deposits	4.60 %	$ 20,224,587	$ 2,151,594	$ 26,686	$ 71,281	$ -	$ 22,474,148
Other	0.00 %	-	-	-	-	100,497	100,497
Shareholder's equity	0.00 %	-	-	-	-	6,859,936	6,859,936
		$ 20,224,587	$ 2,151,594	$ 26,686	$ 71,281	$ 6,960,433	$ 29,434,581
Interest Sensitivity Position		$ 2,676,980	$ (666,816)	$ 1,272,500	$ 2,232,233	$ (5,514,897)	$ -

13. Remuneration To Directors And Advisory Council Members

During the year, the Corporation incurred $30,825 (2000 - $22,230) in fees payable to members of the Board of Directors and the Advisory Council for attendance at meetings.

14. Financial Instruments

The following information represents the estimated fair values of the Corporation's financial instruments. Fair values have not been disclosed for those assets and liabilities which are not considered financial instruments.

	Book Value	Fair Value	Fair Value Over Book Value
Assets			
Cash	$ 437,816	$ 437,816	$ -
Term deposits and accrued interest	22,731,994	22,766,701	34,707
Loans	5,461,159	5,461,159	-
	$ 28,630,969	$ 28,665,676	$ 34,707
Liabilities and Shareholder's Equity			
Deposits	$ 22,474,148	$ 22,546,598	$ 72,450
Other	100,497	100,497	-
	$ 22,574,645	$ 22,647,095	$ 72,450

The fair values have been calculated using the present value techniques and are based on market conditions at March 31, 2001. Interest rate sensitivity is the primary cause of the differences between the book and fair values. The book values have not been adjusted to reflect fair values, as the Corporation generally holds the instruments to maturity.

15. Related Parties Transactions

During the year, the Corporation participated in the following transactions with other government organizations:

a) The Corporation paid $156,327 (2000 - $127,648) in rent to another provincial organization;

b) The Corporation paid or accrued $567,927 (2000 - $687,478) in interest to other provincial government organizations; and

c) The corporation received services with a value of approximately $200,000 (2000 - approximately $72,000) from other government agencies for no consideration. The services have been included in general and administrative.

During the year, the corporation extended term loans, lines of credit and mortgages to employees. On March 31, 2001 these totalled $31,548 in term loans and lines of credit and $311,261 in respect to the mortgages.

16. Major Customer

In this fiscal year end, there were no major customers. Last year, one of the Corporation's customer, a provincial government organization had approximately $10,000,000 in term deposits with the Corporation, representing 49% (2000 - 49%) of the Corporation's customer deposits.

Financial Information Act

Checklist for Reviewing Statement of Financial Information (SOFI)

Ministry	COMPETITION, SCIENCE & ENTERPRISE	Fiscal Year End	MARCH 31, 2001
Corporation	B.C. COMMUNITY FINANCIAL SERVICES CORPORATION	Contact Phone	(604)606-0130
Contact	JOHN B HILL OR MARIAN OCAMPO	On Time?	Yes / No
Date Received	JUNE 21, 2001	Reviewer	JENNIFER SMITH
Date Reviewed	JULY 3, 2001	Approved (SFO)	

Distribution: Legislative Library [X]
Ministry [X]

Other Action Taken: N/A

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
1 (1) a and 2	Is the statement of assets and liabilities in the form of a Balance Sheet?	√			
1 (1) b	Is an operational statement included?	√			
1 (1) c	Is a schedule of debts included?		√	√	Note included specifies not applicable.
1 (1) d	Is a schedule of guarantee and indemnity agreements included?		√	√	
1 (1) e	Is a schedule of remuneration and expenses of employees included?	√			
1 (1) f	Is a schedule of payments for goods and services included?	√			
1 (3)	Are the statements prepared on a consolidated basis, or by fund?	√			Consolidated.

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Statements of Assets & Liabilities					
2	Does the statement show changes in equity and surplus or deficit?	√			
Operational Statement					
3 (1)	Is the statement in two parts: a Statement of Income or Statement of Revenue and Expenditures, and a Statement of Changes in Financial Position?	√			
3 (2) 3 (3)	If the Statement of Changes in Financial Position omitted, is this explained in the notes?			√	
3 (4)	For community colleges, school districts, and municipalities, is there a Statement of Changes in Financial Position for the Capital Fund?			√	
Schedule of Debts					
4 (1)(a) 4 (2)	Does the schedule identify each long-term debt (secured by debentures, mortgages, and bonds) and amount outstanding, interest rate, and maturity date?		√	√	
4 (1)(b)	Does the schedule identify debts covered by sinking funds or reserves and amounts in these accounts?		√	√	
4 (3) 4 (4)	If the schedule of debts is omitted, is this explained in the notes?		√	√	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Guarantee and Indemnity Agreements					
5 (1)	Does the schedule list agreements that require government approval prior to being given (see Guarantees and Indemnities Regulation in FIA Guidance Package)?		√	√	
5 (2)	Does the schedule list the entities involved and amount of money involved, giving specific figures where known?		√	√	
5 (3) 5 (4)	If the schedule if omitted, is this explained in the notes?		√	√	
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (2)(a)	Does the schedule list each elected official, member of the board of directors, and employee appointed by Cabinet by name, position, remuneration, and expenses?	√			
6 (2)(b)	Does the schedule list each employee, alphabetically, whose remuneration is greater than $50,000, excluding elected officials, members of the board of directors, and employees appointed by Cabinet?	√			
6 (2)(b)	Does the schedule disclose the expenses of each employee along with remuneration?	√			
6 (2)(c)	Does the schedule contain a consolidated total for employees whose remuneration is $50,000 or less?	√			

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Remuneration and Expenses (See Guidance Package for suggested format)					
6 (2)(d)	Is the figure for total remuneration paid to employees in this schedule reconciled to the "Salary" line in the Statement of Revenue and Expenditure, or is the difference otherwise explained?	√			
6 (3)	Does the schedule exclude all personal information (e.g., SIN number) other than is required by the Act?	√			
6 (6)	Is the employer's portion of CPP and EI reported as a lump sum payment to the Receiver General of Canada, and not included in employee remuneration (check Schedule of Payments for Goods and Services)?	√			
6 (7)	Is a Statement of Severance Agreements provided (see Guidance Package for suggested format)?		√	√	Note specifies not applicable.
6 (7)(a)	Does this statement report the number of severance agreements under which payment commenced in the fiscal year being reported on?		√	√	
6 (7)(b)	Is the range of months' compensation represented by these agreements reported?		√	√	
6 (8)	If no statement is included, is the reason for this disclosed in a note?	√			

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Schedule of Suppliers of Goods or Services (See Guidance Package for suggested format)					
7 (1)(a)	Does the schedule list suppliers, alphabetically, who received aggregate payments greater than $10,000?	√			
7 (1)(b)	Does the schedule provide a consolidated total value of payments to suppliers who received $10,000 or less?	√			
7 (1)(c)	Is the schedule reconciled to the financial statements or are the differences otherwise explained?	√			
7 (2)(b)	Does the schedule include a statement of payments for the purpose of grants or contributions?		√	√	
Inactive Corporations					
8 (1)	If the corporation is not operating to the extent required to produce a Statement of Financial Information, has the ministry prepared a report for the inactive corporation?			√	
8 (2)(a)	Does the ministry's report contain as much information as possible on all the statements and schedules required?			√	
8 (2)(b)	Does the ministry's report contain a statement of the operational status of the corporation (see Guidance Package regarding what to include)?			√	

FIR Schedule 1 Section	Item	Yes	No	N/A	Comments
Approval of Financial Information					
9 (1) 9 (2) 9 (5)	Has the entire Statement of Financial Information been signed as approved by the board of management or by the treasurer if the corporation is a municipality (see Guidance Package for examples)?	√			
9 (3)	Is there evidence that the approval includes all statements and schedules, not just the financial statements?	√			
9 (3)	Is a Management Report included, signed by the head and chief financial officer, or by the treasurer if the corporation is a municipality (see Guidance Package for examples)?	√			
9 (3)	Is there evidence that the Management Report is related to the preparation of all statements and schedules, not just the financial statements?	√			
9 (4)	Does the Management Report explain the roles and responsibilities of the board of directors (by whatever name called), audit committee, management, and the auditors?	√			